



# **El Paso Global Networks Company**

## **Regulatory Briefing**

# El Paso Corporation

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**El Paso Global Networks is a  
wholly owned subsidiary of  
El Paso Corporation**

- North America's leading provider of natural gas services
- Vertically integrated from natural gas production to transportation, trading, and power generation
- Strong asset base supporting successful asset-driven business strategy

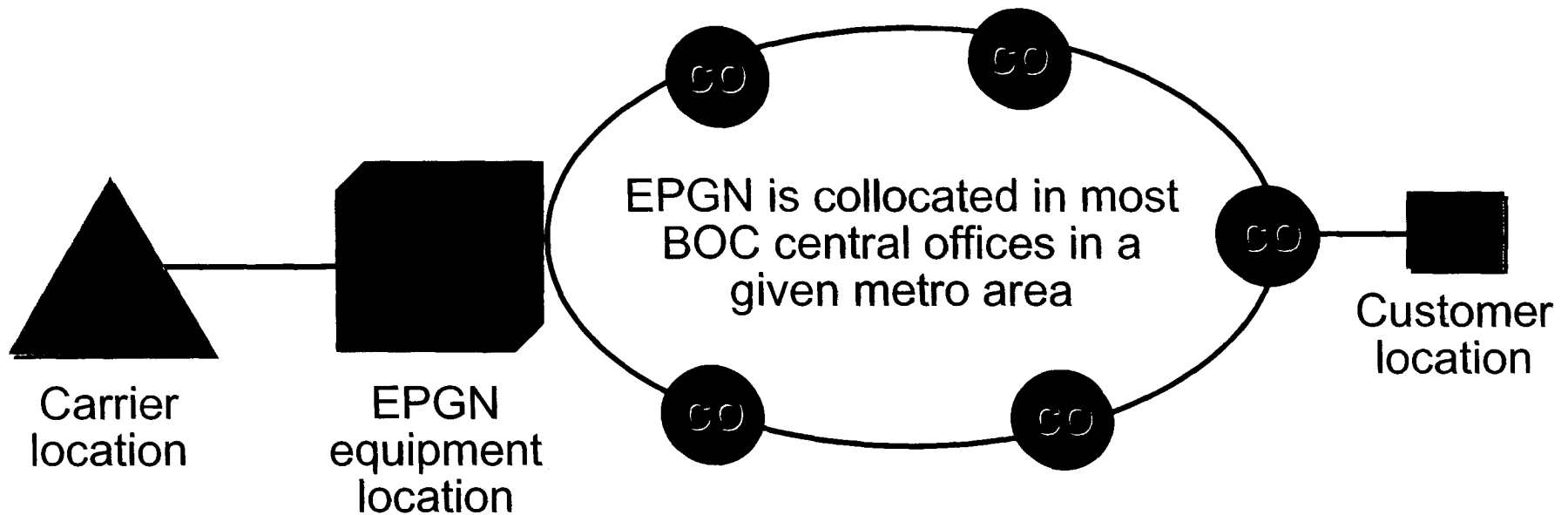
# El Paso Global Networks Overview

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- .. El Paso Global Networks (EPGN) is a wholesale provider of high speed bandwidth in Texas (Dallas, Ft. Worth, Houston, San Antonio, and Austin)
- .. EPGN has invested \$500 MM in telecom operations to support our Texas network
- .. EPGN is collocated in over 120 SBC (Texas) Central Offices (CO) that access 80% of market
- .. As a “hybrid carrier” EPGN:
  - Utilizes dark fiber (deployed and unused fiber) from SBC and lights it with EPGN owned and operated equipment
  - Builds company-owned fiber facilities in dense metropolitan markets
  - Provides high capacity wholesale access to carriers seeking alternatives to the Bell Operating Company (BOC)

# EPGN's Metro Alternative to the BOC



# Broadband Regulation Thoughts

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- BOCs do not need relief to encourage broadband availability
  - 60–80% of BOC's customers have DSL available
  - Pricing and content are the issue, not broadband availability
  - Competition drives low prices, good content and ubiquity
- Proposed Rulemakings should not effect current ILEC network unbundling requirements

# Unbundled Network Elements (UNEs)

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- // UNEs utilize excess BOC capacity
- // High capacity loops and transport must stay unbundled as UNEs to allow competition
- // Parity for BOC competitors should be enforced
  - Network and information accessibility
- // Wholesale competition has shown to be vital
  - Retail competitors need more than one supplier
- // BOC monopoly control over metro routes is key bottleneck
- // Intermodal competition is virtually non-existent
- // Dark fiber and other UNEs require major capital investment and should be protected

# Dark Fiber UNEs

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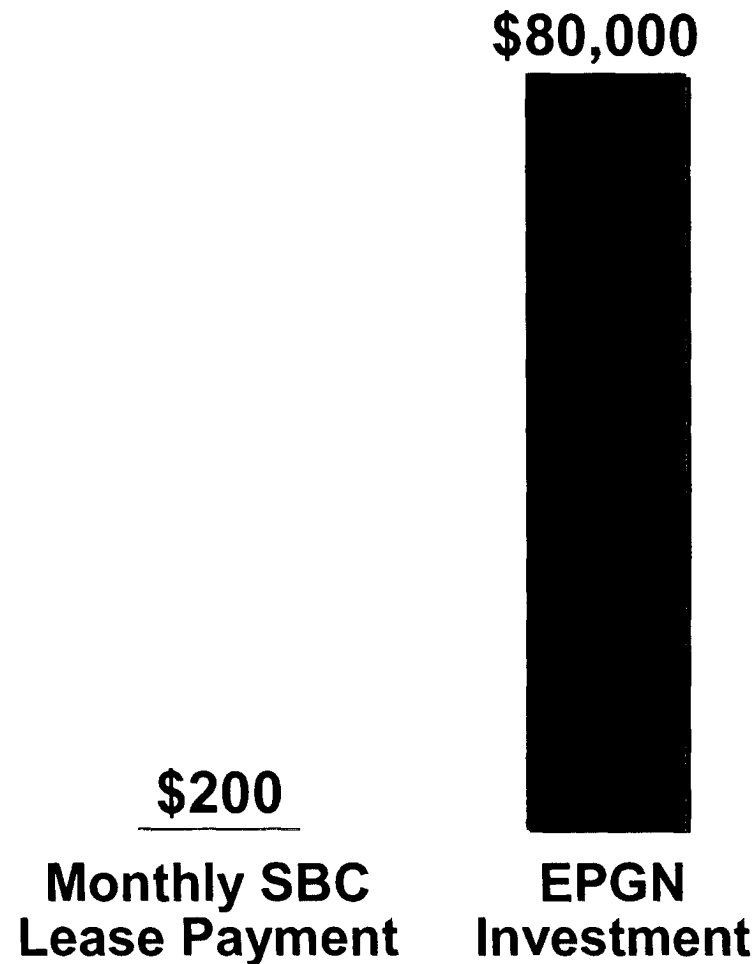


- ✓, Requires the greatest capital investment from the CLEC
- ✓, Dark Fiber UNEs cannot exist if BOCs are not required to splice (just like DSL loop conditioning)—Supported by several states
- ✓, BOCs should not be allowed to deny CLECs the ability to offer diverse/redundant routes to their customers
- ✓, Require “network neutral” engineering environment

# Dark Fiber UNEs Require Large Capital Investment



Example of 3-mile OC-12 loop





# TELRIC: The Right Price

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- TELRIC is flexible and can be adjusted
- TELRIC provide the BOC a “reasonable” profit
- There is no alternative to the BOC facilities for CLECs that want to serve broad segments of the local market
- Prevents inefficient duplication of networks
- Much of BOC’s networks are decades old and often have been largely paid for by ratepayers
- Promotes facility-based competition

# Recommendations

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- ✓, Provide regulatory certainty and give the Act time to work
  - Affirm & Enforce the Telecom Act and FCC regulations
- ✓, Reaffirm that CLECs are impaired without dark fiber and high capacity loop and transport UNEs
- ✓, Affirm that loops to cell sites are UNEs; don't strand the wireless industry
- ✓, Reaffirm Parity
  - BOCs should provision UNEs with Parity to themselves
  - Prevent issues such as new “No Facility” Policy
- ✓, Stop BOC use restrictions on UNEs to enable wholesale and retail competition to thrive
- ✓, Reaffirm that TELRIC methodology provides flexibility and proper return on capital



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